

UNITED STATES BANKRUPTCY COURT
EASTERN DISTRICT OF MICHIGAN
SOUTHERN DIVISION

IN RE: Case No. 20-51066-MAR

HENRY FORD VILLAGE, INC., Chapter 11

Debtor. Honorable Mark A. Randon

/

NOTICE OF DEBTOR'S DESIGNATION OF STALKING HORSE BIDDER

PLEASE TAKE NOTICE that:

The Sale Motion: on December 2, 2020, Henry Ford Village, Inc., as debtor and debtor-in-possession (the “**Debtor**” or “**HFV**”) in the above-captioned chapter 11 case (the “**Bankruptcy Case**”), filed *Debtor’s Motion for Entry of (I) an Order (A) Approving Bid Procedures and Protections in Connection with the Sale of Substantially All of the Debtor’s Assets, (B) Approving the Form and Manner of Notice thereof, (C) Scheduling an Auction and Sale Hearing, (D) Approving Procedures for the Assumption and Assignment of Contracts, and (E) Granting Related Relief; and (II) an Order (A) Approving the Asset Purchase Agreement Between the Debtor and the Successful Bidder, (B) Authorizing the Sale of Substantially All of the Debtor’s Assets Free and Clear of Liens, Claims, Encumbrances, and Interests, (C) Authorizing the Assumption and Assignment of Contracts, and (D) Granting Related Relief* [ECF No. 110] (the “**Bid Procedures and Sale Motion**”).¹ The Debtor seeks to complete a sale (the “**Transaction**”) of substantially all its assets (the “**Assets**”) to a prevailing bidder or bidders (the “**Successful Bidder**”) at an auction (the “**Auction**”) free and clear of all liens, claims, encumbrances, and other interests pursuant to 11 U.S.C. § 363.

Court’s Entry of Bid Procedures Order: on December 21, 2020, the Bankruptcy Court entered an order [ECF No. 179] (the “**Bid Procedures Order**”) approving the bidding procedures (the “**Bid Procedures**”), which set the key dates and times related to the proposed Transaction. **All interested bidders should carefully read the Bid Procedures.** To the extent that there are any

¹ Capitalized terms used but not otherwise defined herein shall have the meanings set forth in the Bid Procedures and/or Bid Procedures Order, as applicable.

inconsistencies between the Bid Procedures and the summary description of its terms and conditions contained in this notice, the terms of the Bid Procedures shall control.

Designation of Stalking Horse Bidder: pursuant to the Bid Procedures, the Debtor, with consent of the Bond Trustee and after consulting with the Official Committee of Unsecured Creditors (the “**Committee**”), has designated **HFV SENIOR LIVING, LLC** as the Stalking Horse Bidder for the Transaction. The Stalking Horse Agreement between the Debtor and the Stalking Horse Bidder (the “**Stalking Horse APA**”) has been filed on the docket in this Chapter 11 Case at ECF No. 355.

A summary of the Stalking Horse APA² is attached as Exhibit A, along with additional information regarding the Transaction, including the Stalking Horse Bidder’s intentions for continued operation of the Debtor’s Assets, including the Facility, in the event it is the winning bidder following an auction, if applicable.

Other Qualified Bidders May Submit Bids: Other parties may still submit offers to acquire the Debtor’s Assets on or before April 30, 2021. If a Qualified Bid is received by such date, an auction will be held and another notice will be filed with the Court, and served upon parties in interest, detailing the results of the auction and the ultimate winning bidder, among other things. If no further Qualified Bids are received, the Debtor will file and serve a notice seeking to have the Stalking Horse APA approved, which notice shall detail the process to object or otherwise be heard with respect to the proposed Transaction.

Obtaining copies of Stalking Horse APA and Bid Procedures: Copies of the Bid Procedures, pleadings related thereto, and the Stalking Horse APA may be obtained free of charge (a) by visiting the website maintained by the Debtor’s claims and noticing agent in this Chapter 11 Case at <https://www.kccllc.net/HFV> or (b) for a fee via PACER by visiting <http://www.pacer.gov>.

² All parties in interest are encouraged to review the Stalking Horse APA, which shall control in the event of a conflict with any summarized terms provided herein.

EXHIBIT A

SUMMARY OF STALKING HORSE BID

1. Purchase Price	\$69,000,000.00
2. Deposit Paid	\$6,900,000.00
3. Amount and Nature of the Stalking Horse Bid Protections	Break-Up Fee in the amount of \$1,905,000.00
4. Description of the Stalking Horse Bidder	The Stalking Horse Bidder is a newly-formed subsidiary/affiliate of MED Healthcare Partners (“MED”). MED and/or its affiliates currently manage and operate 5 continuing care retirement communities, 150 skilled nursing facilities, and 20 assisted living and memory care facilities across the country.
5. Were there other Bids and why was MED chosen as the Stalking Horse Bidder?	There were other bids. There are numerous reasons MED was selected as the Stalking Horse Bidder, including not only that the purchase price offered was the highest bid thus far and the treatment of existing residents was relatively favorable, but also that HFV is confident that MED values the HFV community and would be a great potential owner based on its track record of success. After the Board of Directors of HFV, which is made up predominantly of current residents, unanimously voted in favor of acceptance, and after consultation with the Committee and consent of the Bond Trustee, the Stalking Horse Bid has been determined by the Debtor to be the highest and best bid to date.

<p>6. Current Resident Question: Will the entrance fee model be maintained or will the facility be turned to a rental facility?</p>	<p>The Facility will convert to a rental model facility. Residents, when the Transaction closes, will have the right to have their contracts assumed and modified to the rental model. <i>See section 5.13 of the Stalking Horse APA for detail regarding treatment of resident contracts.</i> The Stalking Horse Bidder intends to operate the Facility as a rental facility consistent with the standards and levels of care provided by the Debtor prior to the Closing Date.</p>
<p>7. Current Resident Question: Will my monthly rental rate increase if I sign the modified rental agreement (the “MRA”)?</p>	<p>The monthly rental amount being charged to a resident (as of the Closing Date) will remain the same, and for a period of three (3) years from the Closing Date shall not increase except for a standard annual cost of living adjustment, consistent with the consumer price index for urban wage earners and clerical workers.</p>

<p>8. Current Resident Question: I entered the HFV community prior to June 10, 2020. Under the Stalking Horse Bid, will I (or my estate) be entitled to a refund of my entrance fee if I sign the MRA?</p>	<p>Such Residents will be entitled to a percentage of their entrance fee refund based on the length of their stay after the Closing Date as follows:</p> <table> <tbody> <tr> <td>1 Year</td> <td>8%</td> <td>(available even if resident involuntarily leaves the Facility before the end of the first year)</td> </tr> <tr> <td>3 Years</td> <td>12%</td> <td></td> </tr> <tr> <td>5 Years</td> <td>20%</td> <td></td> </tr> <tr> <td>7 Years</td> <td>28%</td> <td></td> </tr> <tr> <td>9 Years</td> <td>36%</td> <td></td> </tr> <tr> <td>11 Years</td> <td>44%</td> <td></td> </tr> <tr> <td>13 Years</td> <td>52%</td> <td></td> </tr> <tr> <td>15 Years</td> <td>60%</td> <td></td> </tr> </tbody> </table> <p><i>See section 5.14 of the Stalking Horse APA.</i></p>	1 Year	8%	(available even if resident involuntarily leaves the Facility before the end of the first year)	3 Years	12%		5 Years	20%		7 Years	28%		9 Years	36%		11 Years	44%		13 Years	52%		15 Years	60%	
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<p>9. Current Resident Question: I entered the HFV community under an entrance fee contract after June 10, 2020, will I (or my estate) be entitled to a refund of my entrance fee if I sign the MRA under the Stalking Horse Bid?</p>	<p>Residents who submitted entrance fee deposits between June 10, 2020 and March 26, 2021 (“Escrowed Residents”) will receive the unearned portion of their entrance fee refunds, which are currently held in escrow. They will also be eligible to sign an MRA with the same benefits discussed herein.</p>																								
<p>10. Treatment of Future Resident Monthly Rental Amount</p>	<p>Future residents will be charged market-level rates and receive market-level annual increases. These market-level rates may be higher than existing residents’ rates but will be consistent with rates charged by comparable communities in the Debtor’s general market.</p>																								

<p>11. Current and Future Resident Question:</p> <p>What will monthly rates be for higher levels of care (Assisted Living, Managed Care, Skilled Nursing Facility) under the Stalking Horse Bid?</p>	<p>Level of care charges, like rental charges, will be consistent with comparable facilities in the Debtor's general market. Market-level increases to level of care charges will also be applied on an annual basis.</p>
<p>12. Current Resident Question:</p> <p>What will happen to the benevolence care commitment in my current entrance fee contract under the Stalking Horse Bid?</p>	<p><i>See section 5.15 of the Stalking Horse APA for detail.</i> The Stalking Horse Bidder shall continue to honor all arrangements put in place by HFV with respect to any current residents of the Facility receiving, or entitled to receive per the terms of their current entrance fee contract and accompanying continuing care community Disclosure Statement, free or reduced charge care as of the Closing Date. The MRA will provide for the same benevolence care benefits provided for under the Entrance Fee Residency Agreement under standards and criteria established by HFV prior to the execution of the Stalking Horse APA for those who have the benevolence care program promise in their existing contract. Nothing about existing benevolence care arrangements, including current guidelines, requirements, or levels of care, will change for residents who receive or are promised benevolence care from HFV per their existing contract as of the Closing Date.</p>

<p>13. Current and Future Resident Question: Does the Stalking Horse Bidder plan on changing any of the amenities, activities, care, or other offerings?</p>	<p>MED has stated that it intends to increase programmatic activities to enhance all residents' experiences and will uphold HFV's commitment to the health, safety, and lifestyle of HFV residents.</p>
<p>14. Current and Future Resident Question: What will happen to the Facility as far as capital improvements or maintenance if the Stalking Horse Bid is approved?</p>	<p>The Stalking Horse Bidder is very experienced in operating facilities of this type and has stated its intention to invest whatever amount is needed to maintain the community's structural integrity, safety, and attractiveness as needed going forward.</p>
<p>15. Current and Future Resident and Employee Question: What will happen to the current employees of HFV?</p>	<p>MED's intention is to integrate the HFV community into its network of trusted senior living communities, and its intention is to retain as many employees as possible.</p>
<p>16. Former Residents and Their Estates Question: Will I receive a refund of the entrance fee amounts?</p>	<p>With the sole exception of Escrowed Residents, anyone that paid an entrance fee deposit and is not a Resident as of the Closing Date shall be treated as an unsecured prepetition creditor in the case. It is too early to determine what distributions will be made to unsecured creditors at this time.</p>

Dated: March 30, 2021.

Respectfully submitted,

DYKEMA GOSSETT PLLC

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